

Message Text

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ORIGIN IO-13

INFO OCT-01 EUR-12 ISO-00 HEW-06 OMB-01 TRSE-00 EB-07
L-03 CIAE-00 INR-07 NSAE-00 ABF-01 SIL-01 LAB-04
OES-07 AID-05 COME-00 AGRE-00 USIE-00 INRE-00
SSO-00 /068 R

DRAFTED BY IO/IBC/BA:WEINER/MCGRATH/SOUTHWORTH:FG
APPROVED BY IO - MR. DALLEY
IO/IBC - MR. HENNES
IO/EX - MR. CUMMINS
IO/EX - MR. ELLER
IO/HDC - MR. GAULDFELDT
IO/LAB - MR. WHILDEN

-----240019Z 013904 /63

O R 232334Z MAY 77
FM SECSTATE WASHDC
TO USMISSION GENEVA IMMEDIATE
INFO AMEMBASSY VIENNA
USMISSION IAEA VIENNA
AMCONSUL MONTREAL
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USUN NEW YORK

UNCLAS STATE 119089

VIENNA FOR UNIDO, MONTREAL FOR ICAO, PARIS FOR NESCO,

E.O. 11652: N/A

TAGS: AORG, AFIN, UN

SUBJECT: GENEVA GROUP: FOLLOW UP TO CONSULTATIVE LEVEL XIV

REF: (A) GENEVA 2611; (B) STATE 104789

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ROME FOR FODAG

1. WE HAVE THE FOLLOWING COMMENTS ON THE CANADIAN PAPER AND
MISSION MAY WANT TO DRAW ON THEM AT ITS DISCRETION IN GG
(G) DISCUSSION OF THE PAPER.

2. WE FIND THE PAPER TO BE CLEARLY PRESENTED, REALISTIC AND

TRULY PROFESSIONAL. MISSION SHOULD EXPRESS USG APPRECIATION TO CANADA FOR ITS PREPARATION AND URGE THE CANADIAN DELEGATION TO ASSURE THAT THE DRAFTERS OF THE PAPER ARE MADE AWARE OF OUR APPRECIATION.

3. THE CONCEPTS AND ANALYSES SET FORTH ARE SOUND IN OUR OPINION. WE ENDORSE THE PAPER IN ITS ENTIRETY.

4. THE SECTION ON EXCHANGE SUGGESTS THAT GREATER ATTENTION SHOULD BE GIVEN TO THE ELEMENT OF FOREIGN EXCHANGE IN BUDGET ANALYSIS. WE WONDER WHETHER THE GG/CL SHOULDN'T SEEK TO HAVE SA EXECUTIVE HEADS SET OUT CLEARLY (A) THE SIGNIFICANT AMOUNTS CONTAINED IN A BUDGET WHICH INVOLVES EXCHANGE BROKEN

DOWN BY MAJOR CURRENCIES, AND (B) THE RESPECTIVE EXCHANGE RATES UTILIZED IN BUDGET PREPARATION. THE CANADIAN PAPER POINTS OUT THAT INTERNATIONAL ORGANIZATIONS OFTEN OBTAIN PREFERENTIAL EXCHANGE RATES; THE INFORMATION INDICATED ABOVE THUS BECOMES ESSENTIAL TO MEANINGFUL BUDGET ANALYSIS.

5. THE SECTION ON RE-COSTING SUGGESTS THAT AN EARLY ACTION OF THE GENEVA GROUP CONSULTATIVE LEVEL SHOULD BE TO PROVIDE FOR A REQUEST TO THE EXECUTIVE HEADS OF THE FOUR SA'S INCLUDED IN THE ITF EXERCISE THAT THEIR 1980-81 (1981-82) BIENNIAL BUDGET PRESENTATIONS:

A. IDENTIFY ALL PROGRAMS/PROJECTS COMPLETED OR EXPECTED TO BE COMPLETED IN THE PREVIOUS BIENNIUM, WITH APPROPRIATE FISCAL DATA INCLUDING (A) BIENNIAL ALLOCATION AND (B) UNCLASSIFIED

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ACTUAL/ESTIMATED EXPENDITURE.

B. IDENTIFY ALL OTHER NON-RECURRING ITEMS, WITH APPROPRIATE FISCAL DATA, SUCH AS APPRECIABLE EQUIPMENT PURCHASES, BUILDING COSTS, LOAN REPAYMENTS, RESERVES ESTABLISHED, ETC.

C. IDENTIFY ALL PROGRAMS/PROJECTS WHICH THE EXECUTIVE HEAD FINDS TO HAVE BECOME OF LOW PRIORITY, WITH APPROPRIATE FISCAL DATA.

D. PROVIDE A CLEAR PRESENTATION OF (A) WHAT HAS BEEN RE-COSTED AND BY WHAT AMOUNT, AND (B) THE ELEMENTS OF THE RE-COSTING FACTOR. SUCH A REQUEST COULD BE MADE BY THE CO-CHAIRMEN IN THEIR OWN BEHALF ALTHOUGH IT WOULD CARRY MORE WEIGHT IF IT WERE A GROUP ACTION. IN ANY EVENT, THE REQUEST COULD BE CIRCULATED TO ALL MEMBERS AS AN OPPORTUNITY TO STUDY AND APPRECIATE ITS SIGNIFICANCE.

6. WHILE THE PAPER COMES CLOSE TO DISCUSSING WHAT WE KNOW

AS "LAPSE" IN BOTH SECTIONS 2 (RECASTING) AND SECTION 4 (COST INCREASES - INFLATION), IT DOES NOT SPECIFICALLY COVER THIS IDEA. THIS CONCEPT OF FORCING RECOGNITION OF THE DIFFERENCE BETWEEN MAN YEARS AND POSITIONS HAS LONG BEEN AN ELEMENT OF U.S. BUDGET PREPARATION. IT MOVES IN THE DIRECTION OF A REALISTIC PROJECTION OF PERSONNEL COSTS. ALSO, FOR NEW POSITIONS AUTHORIZED, THE AGENCY SHOULD BE REQUIRED TO FUND THE FIRST YEAR OF THE NEW POSITION AT SUBSTANTIALLY LESS THAN THE 100 PERCENT LEVEL THAT IS THE CURRENT PRACTICE WITH MANY AGENCIES.

7. IT SEEMS CLEAR TO US THAT MUCH MORE ATTENTION MUST BE GIVEN TO THE SUBJECT OF PERSONNEL RESOURCES IN THE ANALYSIS OF SA BUDGETS SINCE (A) THE COST IS KNOWN TO BE A MAJOR BUDGET ELEMENT AND (B) INCREASES IN PERSONNEL TEND TO BE OBSCURED IN THE SA PROGRAM BUDGET FORMATS. PERHAPS GG COUNTRIES SHOULD REQUEST MORE SPECIFIC INFORMATION ON THIS
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SUBJECT, INCLUDING A TABLE UNDER THE FUNDING REQUEST FOR EACH MAJOR PROGRAM SUBDIVISION COMPARING THE REQUEST FOR EACH OF THE TWO PROJECTED BUDGET YEARS WITH EACH OF THE TWO PREVIOUS YEARS, SETTING FORTH NUMBER OF POSTS BY GRADES AND COST. THE TABLE SHOULD INCLUDE CONSULTANTS, PART-TIME EMPLOYMENT AND OVERTIME. THIS INFORMATION HAS BEEN MORE OR LESS AVAILABLE BUT SO SCATTERED THAT IT HAS BEEN DIFFICULT TO RELATE THE GROWTH OF PROJECTS AND PROGRAMS, OVERALL PROGRAM GROWTH, PRODUCTIVITY INCREASE AND GRADE CREEP.

8. THE CANADIAN PAPER HIGHLIGHTS THE FACT THAT BUDGET ANALYSIS IS NOT SIMPLE. FOR OUR PART WE (USG) RECOGNIZE THE NEED TO KNOW WHAT IS IN EACH SA BUDGET, AND WHETHER WE BELIEVE THE RESPECTIVE COSTS ARE JUSTIFIED. THE OTHER SIDE OF THE COIN IS THAT THE FORMAL MEMBER STATE REVIEW OF A BUDGET MUST REACH DOWN INTO THE ELEMENTS OF A BUDGET. WE HOPE THE GENEVA GROUP MEMBERS RECOGNIZE THIS FACT AND ARE PREPARED TO SUPPORT BUDGET REVIEW IN DEPTH AS A PRE-REQUISITE OF APPROVAL.

9. CONFIRMING GRIP/HENNES/SOUTHWORTH CONVERSATION OF 16 MAY, WE BELIEVE IT INADVISABLE TO CONSIDER ANALYSIS OF ILO BUDGET UNTIL AFTER ILO CONFERENCE. VANCE

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